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To: [Linc Wehrly](#)
Subject: Fw: AN: Germany needs a fuel tax; it isn't likely
Date: 09/10/2007 08:19 AM

FYI

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cc

Subject AN: Germany needs a fuel tax; it isn't likely

This article doesn't say much new or overly interesting, but it is a reminder that even at \$6.75/gallon market forces won't (at least in the short-term in Germany) motivate fuel economy improvements enough to meet the 140 g/km CO2 limit.

Germany needs a fuel tax; it isn't likely

Guido Reinking
Editor of Automobilwoche.
Automotive News | September 10, 2007 - 12:01 am EST

As Americans debate corporate average fuel economy standards and President Bush's 20-in-10 plan, Europe, too, is dealing with the issue of emissions. Here's a comment by our colleague Guido Reinking about the situation in Germany. In the United States, U.S. Rep. John Dingell, D-Mich., is planning to introduce some combination of a carbon tax and gasoline tax.

If you want to complicate things, ask a German.

The debate in Germany over how best to limit carbon dioxide emissions shows the truth of that statement. For months, state and federal regulators have wrangled over what form a CO2-based vehicle tax should take. No end to the discussions is in sight.

Meanwhile, the simplest solution is right at hand. The tax on vehicle purchases should be abolished because it's not car ownership that burdens roads and the environment but car usage, and usage is best taxed with a higher levy on fuel.

The burning of every liter of gasoline emits 2.32 kilos (about 5.1 pounds) of the presumed greenhouse gas CO2. The person using that liter should be charged accordingly.

Benefits would accrue to anyone who may have a high-performance car in his garage but who uses his bicycle to go to the bakery or post office. The full-throttle fraternity pays extra, but anyone who drives reasonably and economically saves.

That also could promote the purchase of second and third cars. Go shopping in the city in your Mini; go on vacation with the family in your BMW 5 series or Mercedes-Benz S class.

Instead, the government plans to tax cars based on their theoretical CO2 emissions, independently of how they are used. The reason is that higher gasoline and diesel prices are unpopular. German politicians are too fearful of the tabloid press, which laments the high cost of fuel on Page 1 and stokes fears of climate collapse on Page 2.

But fuel prices must rise so that fuel economy pays off even more. In any case, even at current levels of 1.31 euros per liter for regular gasoline, or \$6.75 per U.S. gallon, fuel is still too cheap in Germany. In 1960, an employee had to work 14 minutes to pay for a liter of regular gasoline. Today, at a time of more fuel-efficient vehicles, it's six minutes.

In other words, our purchasing power has risen twice as quickly as the price of gasoline.

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